

Message Text

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ACTION EA-06

INFO OCT-01 ISO-00 EB-03 SS-14 SP-02 L-01 INR-05 RSC-01

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R 310916Z DEC 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5897

INFO AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 15591

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EO 11652: GDS

TAGS: ENRG ID

SUBJ: ENERGY: OIL CONTRACT MODIFICATION

1. DURING CONVERSATION DECEMBER 28, EMBOFF ASKED
GOI MIGAS(DIRECTORATE OIL AND GAS) DIRECTOR
WIJARSO IF RUMORS CORRECT GOI INTENDED TO MODIFY
OIL CONTRACTS TO INCREASE GOVERNMENT TAKE. WIJARSO
CONFIRMED THAT MIGAS/PERTAMINA AND CALTEX (SOCAL-
TEXACO JOINT INTEREST GROUP) REPS HAD BEEN ENGAGED
FOR LAST TWO MONTHS IN HIGHLY SECRET DISCUSSIONS
CONCERNING MODIFYING CALTEX'S CONTRACT OF WORK
TO INCREASE GOI REVENUE. HE SAID HE EXPECTED TO
RECEIVE FROM CALTEX "BEFORE END THIS YEAR" LETTER
PROPOSING NEW SPLIT ARRANGEMENT. PRESENTLY, PERTAMINA
AND OIL COMPANIES SPLIT REVENUE 85(PERTAMINA)/15
(COMPANY) FOR ALL CRUDE SOLD AT PRICE OVER \$9#00
PER BAAREL. WHILE KSSIC 85/15 SPLIT WILL REMAIN IN
EFFECT, WIJARSO EXPECTED CALTEX WOSTD PROPOSE
(EFFECTIVE JANUARY 1, 1975) NEW 90/10 PERTAMINA/
CALTEX SPLIT FOR ALL PRODUCTION OVER 150,000 B/D
AND 95/5 SPLIT FOR ALL PRODUCTION OVER 250,000 B/D.
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WIJARSO POINTED OUT ONLY COMPANY INVOLVED IN

DISCUSSIONS AND AFFECTED BY NEW SPLIT WILL BE CALTEX WHICH IS NOW PRODUCING ABOUT 930,000 B/D. WIJARSO SPECULATED THAT GOI WOULD ACCEPT CALTEX'S "OFFER." HE ALSO SAID GOI DID NOT INTEND TO ANNOUNCE "MODIFICATION" WHICH WOULD PROBABLY BE MADE PUBLIC BY CALTEX IN US AS SOON AS AGREEMENT REACHED IN INDONESIA.

2. COMMENT: FOREGOING, WHICH HAS BEEN VERY CLOSELY HELD BY PARTIES TO DISCUSSIONS, SHOULD NOT BE DISCUSSED UNTIL CALTEX (OR GOI) MAKE PUBLIC ANNOUNCEMENT. IT IS SIGNIFICANT THAT GOI AND PERTAMINA CHOSE 150,000 B/D PRODUCTION LEVEL FOR BASIS NEW SPLIT, THEREBY EXCLUDING (AT LEAST TEMPORARILY) ALL COMPANIES PRODUCING UNDER PRODUCTION SHARING CONTRACTS, INCLUDING UNION OIL WHICH IS NOW PRODUCING ABOUT 100,000 B/D. BY FIXING RELATIVELY HIGH 150,000 B/D NEW PRODUCTION/SPLIT BASE, GOI/ PERTAMINA APPEARS TO BE PROVIDING SUBSTANTIAL PROFIT INCENTIVE TO ENCOURAGE CONTINUED HIGH LEVEL OF EXPLORATION AND PRODUCTION ACTIVITIES BY COMPANIES LOCATED IN INDONESIA. WE WILL ATTEMPT OBTAIN ADDITIONAL INFORMATION ON CONTRACT MODIFICATION AND WILL REPORT EXPECTED INCREASE IN GOI REVENUE. TOUSSAINT

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